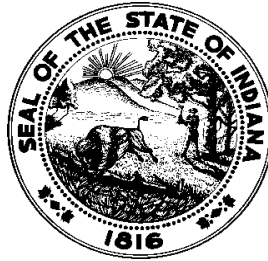


LOCAL GOVERNMENT TAX CONTROL BOARD



RECOMMENDATIONS
TO THE
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
FROM
MARCH 23, 2006

Call to Order

Dave Christian called the March 23rd 2006 Local Government Tax Control Board meeting to order at 9:00 am. Board members present were Dave Christian, Dan Jones, Stan Mettler, and John Stafford. Judy Robertson was the administrative officer for the meeting.

Discussion

Dave opened the meeting with the notice that new officers needed to be elected for the 2006 calendar year. Stan motioned to recommend that the current officers continue to hold office for the 2006 year. John seconded and the motion carried 6-0 with Lisa and Ken casting their votes in absentia via John.

Recommendation

John motioned to recommend approval of the minutes from the February 23rd 2006 local government tax control board meeting. Stan seconded and the motion carried 4-0.

Buck Creek Township, Hancock County Emergency Fire Loan

Summary: The unit is requesting approval to obtain a loan in the amount of \$250,000 for a term of one (1) year to finance the salaries of full-time firefighters.

Project Costs: \$250,000 Amount applied to debt: \$250,000 Annual Payment: \$266,590

Emergency Loan Calculation (based on 2006 preliminary budget amounts):

| | |
|--------------------------------------|-------------|
| DLGF Certified Property Taxes | \$226,117 |
| DLGF Certified Misc. Revenues | \$605,488 |
| January 1 st Cash Balance | \$52,417 |
| Total Funds Available | \$884,022 |
| | |
| DLGF Certified Budget * | \$845,846 |
| Encumbrances | \$0 |
| Total Funds Needed | \$845,846 |
| | |
| Funds Remaining: Surplus (Need) | \$38,176 |
| | |
| *Budget Advertised | \$1,000,000 |
| Budget Adopted | \$1,075,970 |
| | |
| Advertised Budget | \$1,000,000 |
| Less Certified Budget | \$845,846 |
| Budget cut by DLGF | \$154,154 |

Controlled or Uncontrolled: Controlled

| | | |
|------------------|---------------|---------------|
| Tax Rate Impact: | 2006 AV | \$353,861,360 |
| | Levy Needed | \$251,649 |
| | Est. Tax Rate | \$.0711 |

Note: Mr. Branson calculated incorrectly on the hearing information sheet

Meeting and Publication Dates:

| | |
|--|-----------------|
| Date of publication for a public hearing | 12/21 & 28/2006 |
| Date of public hearing | 01/10/2006 |
| Resolution/Ordinance adopted | 01/10/2006 |
| Notice of Determination | 01/18/2006 |

Auditor's Certificate of No Remonstrance: 02/23/2006

Attendees:

Tricia Leminger (Attorney), David Sutherlin (Fire Chief), Melvin Branson (Trustee), and Rudolph A. Nyland II (Assistant Fire Chief).

Discussion:

Tricia: (Referring to handout) I would like to start out with a historical overview of Buck Creek Fire Department:

- Located in Hancock County & includes a portion of Cumberland
- Staffs two fire stations
- Has mutual aid agreements with several other townships and governmental agencies
- Has experienced substantial growth, including residential and commercial development
- Responses have increased by twenty percent since 2002

Today's Challenges:

- Has increased from six career firefighters in 1992 to the current ten career firefighters
- Volunteer firefighters have decreased from thirty-four to twenty-four
- Below the National Fire Protection Association Standards for staffing and fire suppression
- Operating without a full-time fire chief

Emergency loan request:

- Request reduced to \$230,000 from the original \$250,000
- Township Board approved request unanimously
- Loan will be used to support a 2% raise and the hiring of two additional firefighters and a full-time chief

Questions from board members:

John: What has been the amount of prior year emergency loan requests?

Melvin: This is our fifth year. The amounts have been \$50,000 in 2002; \$95,000 in 2003; \$160,000 in 2004; and \$175,000 in 2005. The amounts continue to increase because we are adding people and we are short on funding. The budget is for operating expenses only; there is no surplus or operating balances included.

Dave: The previous four years have been for operating expenses only, not for the hiring of additional people?

Melvin: Well, yes, some has been for additional people. 85% of our budget goes towards salaries and fringe benefits. Last year we added one person and would like to hire two this year. We are trying to get the staffing level to four people per station.

Dave: Will you be back next year also?

Melvin: Yes, we will need to because our max levy is not keeping up with our needs.

Dan: What is the trend of your income tax distributions?

Answer: Flat.

Dan: Does the recent legislation that was passed for rapid growth apply to township fire departments?

Tricia: We have not used it with townships; we have only used it for Fire Districts.

John: What is the trend of your assessed value – it is increasing at a comparable rate with your emergency loan requests?

Melvin: It is close, but I did not come prepared with that information. One of the problems that we have to deal with is the on-going and new abatements that are being issued. One way we have tried to compensate our volunteers is that instead of giving them a clothing allowance and a fee per run, we give them a flat \$130 per month.

David Sutherlin: In return, we reduced the volunteer staff to twenty-four. Those volunteers were chosen because they could meet strict service times and meet the training eligibility. We have \$3500 - \$4000 invested in training and gear per firefighter before they ever go on a run.

Stan: It says here that you appealed for \$94,000 and it was turned down – have you reapplied for that appeal again?

Melvin: Yes, but I was told I applied too early. I will apply for it again this year.

Stan: You have a Rainy Day fund with \$40,000 in it – where did the funding come from?

Melvin: It is the 1% money that came from the State as a Special Distribution – we were told that it had to be deposited in a Rainy Day fund.

Dan: The first graph in your presentation package had an axis that is not labeled – should that be a percentage?

Tricia: No, that is the actual number of permits.

David Sutherlin: We have an on-going inspection program. We inspect any place where the public can congregate. In 2005, we inspected thirty more places than we did in 2004. The normal amount of inspections we do is increasing by ten to twelve more per year.

Recommendation:

Stan motioned to recommend approval of an emergency fire loan in the amount of \$230,000 for a term of one (1) year. John seconded and the motion carried 4-0.

Decatur Township, Marion County Emergency Fire Loan

Summary: The unit is requesting an emergency loan in order to cover fire debt and salaries.

Project Costs: \$2,400,000 Amount applied to debt: \$2,400,000 Annual Payment: \$2,540,743

Emergency Loan Calculation (based on 2006 certified budget amounts):

| | |
|--------------------------------------|-------------|
| DLGF Certified Property Taxes | \$1,988,943 |
| DLGF Certified Misc. Revenues | \$281,749 |
| January 1 st Cash Balance | \$359,669 |
| Total Funds Available | \$2,630,361 |

| | |
|-------------------------|-------------|
| DLGF Certified Budget * | \$2,282,188 |
| Encumbrances | \$0 |
| Total Funds Needed | \$2,282,188 |

| | |
|---------------------------------|-----------|
| Funds Remaining: Surplus (Need) | \$348,173 |
|---------------------------------|-----------|

| | |
|--------------------|-------------|
| *Budget Advertised | \$4,970,365 |
| Budget Adopted | \$4,970,365 |
| Budget cut by DLGF | \$2,688,177 |

Controlled or Uncontrolled: Controlled

| | | |
|------------------|---------------|-----------------|
| Tax Rate Impact: | 2006 AV | \$1,045,000,000 |
| | Levy Needed | \$2,417,550 |
| | Est. Tax Rate | \$.2314 |

Meeting and Publication Dates:

| | |
|--|------------|
| Date of publication for a public hearing | 01/06/2006 |
| Date of public hearing | 01/17/2006 |
| Resolution/Ordinance adopted | 01/17/2006 |
| Notice of Determination | 01/18/2006 |

| | |
|---|------------|
| Auditor's Certificate of No Remonstrance: | 02/22/2006 |
|---|------------|

Attendees:

Stephen A. Buschmann (Attorney), Steve Rink (Trustee) and Dale Henson (Fire Chief).

Discussion:

Steve: I normally prepare a presentation for you, but I have been doing this for the last several years that I thought you had seen it all. I did not realize that I was working with new board members. I first came for an emergency loan in 2003 for the purpose of hiring thirty additional career firefighters. We started that process in 2004 and in July of 2005 we put the last of our recruits on the street. Personnel continue to be a big issue. Governor Daniels and the Mayor both called me personally and asked me directly to get our salaries up to a competitive level. We are not trying to get pay parity all at once with this request, but it is our long-range goal. One problem we have is that we are on a five-year pay scale, while most other departments are on a three-year scale. There is one department that is on a four-year pay scale and we would like to convert to a four-year ourselves this year. Our top pay for a fifth year firefighter is \$4,000 less, on average, than a three-year firefighter in another department. Their top pay is around \$45,000 and our third year is only at \$35,000. We are the lowest paid department in the County.

We do a lot of things to save money.

1. We use our volunteers to staff the stations when someone is sick or on vacation – we give them overtime pay in lieu of hiring additional firefighters.
2. We continue to hold back our expenses

3. We do not pay a fire chief – we do not have battalion chiefs, a quartermaster, or a training director. Our lieutenants make an average of eighty-nine cents an hour and our captains make \$1.40 per hour.
4. We do not give Kelly days. That is where a firefighter has an extra day off every third month to avoid paying overtime because the firefighter works 24 hours with 48 hours off. That schedule accumulates excess hours over a normal monthly work schedule.

Dan: How many stations do you have?

Steve: We have four, but only staff three.

5. We pay no portion of their pension fund – firefighters pay the full six percent.

Dan: Do you pay social security?

Steve: Yes.

6. We have good insurance, but the firefighters pay \$300 per month for family coverage and about \$60 per month for individual coverage.
7. Our firefighters do all the maintenance work, like mowing the lawn, shoveling snow, raking leaves, cleaning the station, etc.

Decatur is basically a bedroom community. The new airport terminal will be located in our township. There are a lot of abatements and TIF areas that reduces our assessed value.

Questions from board members:

Dan: Do you know how much assessed value is going to TIF, or about how much tax levy you are losing?

Steve: I think around \$360 million in assessed value is going to TIF. We are losing just over a half a million levy for the township.

Dave: Do you still provide firefighting services to the TIF area and without compensation?

Steve: Yes, exactly. Another thing that has hurt us is the law has changed with the inventory tax. Our assessed value has decreased for two years in a row.

Dan: Do you know what the debt service is for the TIF area?

Steve: No, I received a carbon copy of a letter that said the revenue exceeded the debt service and should be returned to the units, but we saw nothing of that money.

Dave: So any growth you see in that area will result in no new revenue?

Steve: No; we still average about 450 building permits a year and we are only about 50% built out.

Dave: Are you maxed out on your levy?

Steve: Yes.

Dave: Over the last five years, have you asked for the appeal to increase your maximum levy?

Steve: We have used the appeal before and will again when the time is right. As the township grows, the levy will eventually catch up. Our assessed value has decreased the last two years because of the inventory tax being phased out.

Dan: Your levy in 2004 was \$3.4 million; in 2005 it was \$4.4 million and in 2006 it is \$4.6 million. This will result in another significant increase.

Steve: Last year's rate of eighteen cents will come off the books and be replaced with this year's rate. We estimated interest rates high; we really expect an impact of three and a half cents. The assessed value is starting to increase now. When we hired our additional firefighters, we went to the public and business

organizations to receive their approval and ask for their support. The public has been and continues to be very supportive.

Recommendation:

Stan motioned to recommend approval of an emergency fire loan in the amount of \$2,400,000 for a term of one (1) year. John seconded and the motion carried 4-0.

**Bartholomew County Unit, Bartholomew County
Lease Financing**

Summary: The unit is requesting approval to execute a lease in the amount of \$24,940,000 with annual lease rental payments of \$2,183,000 for a term of twenty-three (23) years for the purpose of financing an addition to the county jail.

Project Costs: \$24,940,000 **Amount applied to debt:** \$24,940,000 **Annual Payment:** \$2,183,000

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

| | | |
|-------------------------|---------------|-----------------|
| Tax Rate Impact: | 2006 AV | \$3,540,063,560 |
| | Levy Needed | \$2,008,360 |
| | Est. Tax Rate | \$.0567 |

Meeting and Publication Dates:

| | | |
|--|------------|-----------------------------------|
| Date of publication for a public hearing | 09/29/2005 | 02/09/2006 Board of Commissioners |
| Date of public hearing | 10/10/2005 | 02/06/2006 Building Corporation |
| Resolution/Ordinance adopted | 10/10/2005 | 02/20/2006 Building Corporation |
| Notice of Determination | 10/13/2005 | |

Auditor's Certificate of No Remonstrance: 03/15/2006

Common Construction Wage: 02/21/2006 4-0-1 abstention

Attendees:

Paul Franke (County Commissioner), Lisa A. Lee (Bond Counsel with Ice Miller), Susan Reed (Bond Counsel with Ice Miller), Matt Eckerle (Financial Advisor with H.J. Umbaugh), Jason Semler (Financial Advisor with H.J. Umbaugh), Beth Stickles (Program Facilitator with Get Results, Inc.) and Mark Van Allen (Project Manager with RQAW).

Discussion:

I will start with a brief history of the project to build an addition to the County Jail. The present jail was dedicated in April 1995. It was nearly filled to capacity from the day it opened. There was a remonstrance that forced the County to scale back the size of the project. Last year we were told that we were going to be sued because of the overcrowded condition of the jail. From a list, we selected RQAW as a consultant to come up with options to solve our problem. Their result showed that not many people could be transferred to a work release program. Their recommendation was to build a new jail. After numerous

meetings, there was a stalemate on what to do. The DOC allowed us to double bunk our inmates to bring our capacity up to 120. Our current average is 180 per day. Bartholomew County already does all the programs that are out there. We appointed RQAW to revise their plans to build an addition and to make it as large as it could be made, based on the footprint. The new facility will have a capacity of 232 in lock-down, 41 in in-take and medical and 82 in the work release program. The Commissioners think we can staff the addition with only two or three additional staff. The old part will be moth-balled until future needs require us to open it again. We cannot afford to hire an additional eighteen staff to run two separate jails.

Questions from board members:

Dave: What is the advantage of new construction versus hiring additional staff?

Beth: It is impossible to build onto the current pod. The County chose to build large because they knew they would grow into it.

Stan: Do you have any new courts?

Paul: There has been a proposal to have a video courtroom, but that has not been decided yet.

Stan: Will your operating balance support the additional cost?

Paul: Yes, the funding is already in place to handle the operating costs.

Beth: The numbers I have here are from the 2000 budget, so they will need to be inflated some. There was less than a half million dollars difference between keeping the old pod and building a new jail verses constructing an addition. The old pod only had a capacity of eighty-four cells and twenty-four in the work release program. The difference in staffing to build a new jail would be forty-three versus the current thirty-two.

John: What is the total capital you will need?

Beth: The total cost is \$17.7 million (based on 2000 amounts) and the current projection is \$23 million.

That is the difference between six years of budgeting, plus the design has been enlarged since 2000.

Paul: You also have to figure in the \$7 million it would take to bring the old housing pod up to current standards – it will need to be renovated before it can be used again.

Dave: What is the interest rate you anticipate receiving?

Jason: It will be a competitive bid, but the estimate is pretty close to what the market is today. This morning it was 4 ½%.

Dan: You have two amortization schedules here - how much interest will you be paying?

Lisa: The rate will be 4.4% to a maximum of 6%; the interest paid will be around \$18,150,000. We did go through the remonstrance process and no objections were filed.

Dave: Did the Commissioners and the Council approve the project?

Paul: Yes, both were unanimous votes.

Beth: We will continue to use about 2/3's of the old building; there will be no capitalized interest. The only part that will be moth-balled is the pod cells. We will continue to use the kitchen and other areas.

Dave: Are all 180 in-mates residents of Bartholomew County?

Paul: Yes, either residents or committed the crime in Bartholomew County. The only people that are not ours is the DOC people who have not been picked up yet.

Dan: Is it possible to lease the old part to bring in some revenue?

Beth: It would have to be brought up to code.

Paul: That is not outside of possibility – it has been discussed.

Dan: Are you operating under a court order limiting the number of inmates housed in the jail or conditions?

Answer: No, there is only the threat of a court order.

Dan: Do you know what your estimated per diem per prisoner per day is?

Beth: No, I do not have that information. We have totals, but not on a per diem basis.

Recommendation:

John motioned to recommend approval to execute a lease with maximum annual lease payments not to exceed \$2,183,000 for a term of twenty-three (23) years. Stan seconded and the motion carried 4-0.

City of Berne, Adams County Storm Water Bonds

Summary: The unit is requesting approval to issue bonds in the amount of \$3,440,000 for a term of twelve (12) years for the purpose of separating the storm and sanitary sewers and the elimination of combined sewer overflows throughout the City.

Project Costs: \$3,440,000 Amount applied to debt: \$3,440,000 Annual Payment: \$383,248

Controlled or Uncontrolled: Uncontrolled – Property tax back-up request

Revenue Source for Property Tax Backup: Storm water rates and charges

| | | |
|------------------|---------------|---------------|
| Tax Rate Impact: | 2006 AV | \$135,602,300 |
| | Levy Needed | \$364,086 |
| | Est. Tax Rate | \$.2685 |

Meeting and Publication Dates:

| | | |
|--|-----------------|------------|
| Date of publication for a public hearing | 01/09 & 16/2006 | |
| Date of public hearing | 01/23/2006 | |
| Resolution/Ordinance adopted | 12/16/2005 | 02/17/2006 |
| Notice of Determination | N/A | |

Auditor's Certificate of No Remonstrance: 03/17/2006

Common Construction Wage: 03/17/2006 4-0-1 abstention

Note: The unit's 8% debt limit is \$3,616,061 – they are close to their limit with this bond issue.

Attendees:

John Minch (Mayor), Dennis Otten (Bond Counsel with Bose McKinney & Evans), Ray D. Gill (Storm Water Utility Management Board), Stephen Carter (Financial Advisor with H.J. Umbaugh), Ross Holloway (Engineer), Elena Itchera (Financial Advisor with H.J. Umbaugh), Mark Burry (Storm Water Attorney).

Discussion:

The financing of this project will be exclusively from storm water rates. This request is for a back-up in case revenues fall short – which we do not anticipate happening. We formed in late 2003 because of violations with IDEM (Indiana Department of Environmental Management). There is no river to dispose of storm water. We need to collect the storm water and move it through drains. We are also an ISO community and under an order with strict deadlines to separate our sewer and storm water drainage systems. We must complete phase 2 by 2012, which means that we must eliminate all CSO's. The cost of the total project is \$4 ½ million.

Questions from board members:

Dave: When was the court order issued and what are the stipulations?

Ray: The order was issued in late 2003 by IDEM – it is not a federal court order, but an Administrative Order and it was issued because the waste water plant was exceeding the permitted amount allowed. We cannot begin construction until the separation is complete. We are working under an agreed order. We could have an additional sixty-five homes built and services, once we come into compliance with the agreed order. This project will allow us to open up new development for the City of Berne. At one time we had four or five SSO violations, most of which we have already corrected. This project will sustain a decreased flow in the storm water system. We are working in phases to correct all the violations – if everything goes to plan, we will be completely finished by 2008.

Ross: The Agreed Order was signed on December 17th, 2005 and it stipulated that we must

1. Clean up or prevent overages in five overflow systems and create a long-term control plan, and
2. Demonstrate that we have removed CSO's

This project is phase 1 – that is correcting the collection system, pipes, etc for 300 acres. A future project will involve a sewage project and the removal of the final two CSO's. The cost of the first phase is \$3.4 million and the second phase will cost an estimated \$1 ½ million.

Dave: When does the project start and when does it end?

Ross: The project starts yesterday and it must be completed by July 2007. We held the CCW hearing this past November and will bid as soon as we receive the approval to go forward.

Dave: An 11.2% contingency seems high – can you explain how you arrived at that amount?

Ross: There has been over a century of people doing whatever they wanted to – we have no idea what we are going to run into.

Dave: There is no architect fee, or other fees listed – is that all inclusive in the construction costs?

Ross: Yes, it is all included in the \$3.4 million.

Dave: Tab one of your hearing information sheet does not have any kind of breakdown – do you have it?

Steve: We do not have a breakdown of the individual fees – the design cost is approximately 80% of the project.

John: How do you fund your storm water operations?

Answer: We currently have interim rates for residential, schools and businesses applied until meters can be installed. Since we first begin looking into this project, we have completed aerial photos to determine usage through an impervious area study. We used the CA schedule with a factor of .30 that is applied across the board. Next week we will begin the new schedule to apply a more permanent rate based on

usage. Residential users will pay about \$21 per month – the new rate will be less than that. We have identified fifty-six different classifications.

John: You are pretty confident that the rates will cover the bond payment?

Ray: We began the interim rates in August 2004. The average revenue has been \$35,000 per month. With the new rates being applied and new users coming on board, we estimate that the average will be \$45,000 per month.

John: What is the recourse if people do not pay the storm water fee?

Answer: Our recourse is to put a lien on the property. We are using property cards and directly billing the owner of the property.

Ray: We have authorized, by ordinance, a loan for homeowners to disconnect downspouts and sewage pumps for a five year term at a 3% interest rate. We offer a similar loan to homeowners who want to disconnect their sewage systems for a term of seven years at a 3% interest rate.

Dan: On page eight you have listed revenue of \$695,000 – is that total revenue or just the debt service part?

Jason: That is the rate with no back up. The actual revenue is on pages five and six.

John: On page one, you have that this is a controlled project – can you explain why it is controlled?

Answer: It was a mistake on our part – it is an uncontrolled project.

Dave: Have you had any public hearings?

Answer: Yes; in December we held a Declaratory hearing, on January 23rd we held a hearing on the rates. We published another Notice in January and held a public hearing in February to adopt the Declaratory Ordinance.

Dan: What is the tax rate impact, should it become necessary?

Answer: About twenty-six cents per \$100. The rate will decrease for some and increase for others based on usage and the impervious study, plus for the annexation that was just completed.

Ray: There was no one who voiced an objection. They all recognize that it has to be done – they don't necessarily like it – but they understand the need.

Dave: Having said all that – you are still under a court order. IDEM has sued Berne in 1987 to start this process that resulted in a court order.

Answer: We are actually under an Administrative Order with IDEM.

Dave: I would like to request a copy of the agreed order

Answer: We have a copy right here that we can give to you.

Dan: The unit has little experience as a utility with regards to tracking revenue streams; how did you arrive at the 25% bond insurance amount?

Answer: It is the twelve-year standard in the market. We are also funding a reserve with the proceeds.

Recommendation:

John motioned to recommend approval of Storm Water District Bonds in the amount of \$3,440,000 for a term of twelve (12) years. Stan seconded and the motion carried 4-0.

**Lafayette Township, Floyd County
Fire Loan**

Summary: The unit is requesting approval to obtain a loan in the amount of \$30,000 for a term of one (1) year for the purpose of purchasing a new command vehicle and to equip that vehicle for incident command and EMS response.

Project Costs: \$30,000 Amount applied to debt: \$30,000 Annual Payment: \$30,000

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

| | | |
|------------------|---------------|---------------|
| Tax Rate Impact: | 2005 AV | \$364,256,131 |
| | Levy Needed | \$33,180 |
| | Est. Tax Rate | \$.0091 |

Meeting and Publication Dates:

| | |
|--|------------|
| Date of publication for a public hearing | 12/16/2005 |
| Date of public hearing | 01/03/2006 |
| Resolution/Ordinance adopted | 01/03/2006 |
| Notice of Determination | 01/06/2006 |

Auditor's Certificate of No Remonstrance: 02/06/2006

Attendees: Evans Freiburger (Trustee) and Mrs. Freiburger.

Discussion:

We need an emergency vehicle for the first responders. We currently have no vehicle to transport our various equipment – we have to divide it up between the vehicles going to the scene. We would like to purchase a smaller vehicle in order to have a quicker response time.

Questions from board members:

Stan: Have you approached Caesar's to help purchase emergency trucks?

Answer: They will give us about \$5,000 to \$7,000 per year to help out the fire department.

John: You think the tax impact will be about a penny?

Answer: We are growing rapidly. There are currently 400 building permits approved. We are also in what is considered a hazardous area.

Stan: Do you have a cumulative fire fund?

Answer: No.

Dan: What interest rate do you expect and how many banks did you contact?

Answer: We contacted one for the estimate and were quoted an interest rate of about seven percent.

John: Do you have any other outstanding debt?

Answer: No.

Recommendation:

Dan recommended approval of a fire equipment loan in the amount of \$30,000 for a term of one (1) year.

John seconded and the motion carried 4-0.

**Valparaiso Redevelopment Commission, Porter County
Redevelopment District Bonds**

Summary: The unit is requesting approval to issue property-tax back-up bonds in the amount of \$9,000,000 for a term of twenty (20) years for the purpose of financing various street and road improvement projects throughout the District including streetscape and associated storm water improvements.

Project Costs: \$22,875,000 Amount applied to debt: \$9,000,000 Annual Payment: \$919,200

Controlled or Uncontrolled: Uncontrolled

Revenue Source for Property Tax Backup: Tax Increment Revenues

| | | |
|------------------|---------------|-----------------|
| Tax Rate Impact: | 2006 AV | \$1,439,884,834 |
| | Levy Needed | \$864,200 |
| | Est. Tax Rate | \$.0600 |

Meeting and Publication Dates:

| | | |
|--|------------|---------------------------------|
| Date of publication for a public hearing | 02/13/2006 | for an additional appropriation |
| Date of public hearing | 02/23/2006 | |
| Resolution/Ordinance adopted | 01/30/2006 | 02/23/2006 for Final Bonds |
| Notice of Determination | N/A | |

Auditor's Certificate of No Remonstrance: 02/23/2006

Common Construction Wage: 02/27/2006 Vote 4-0-1 abstained

Missing Information:

Common Construction Wage results

Note: The unit's 2% debt limit is \$9,599,232 – they are close to their limit with this bond issue.

Attendees:

Rod Gardin (Superintendent of the East Porter County School Corporation(EPCSC)), Karen Higbie (EPCSC Board Member), Jean Gesse (EPCSC Board President), Robert Martin (EPCSC Board Vice President), Tom Pitman (Bond Counsel with Baker & Daniels), Michael Baird (Redevelopment

Commission), Stu Summers (Redevelopment Commission), Karl Cender (Financial Advisor with Cender & Co.), and Non Costas (Valparaiso Mayor).

Discussion:

This is a property-tax backup request; we are going to use tax incremental financing to make the bond payments. The revenue coverage is 250%-300%; it is extremely remote that we would need to impose a property tax rate. We are here to get a more favorable rate, which will allow us to pay the bonds off quicker. The TIF areas were established in 1994 with a “pay as you go” commitment. A strategic plan was approved in 2004 with the top priority being road recovery. The other priority is infrastructure improvement. We are currently paying five times more for road repairs than what it will cost to improve the road.

There are three projects included in this request:

1. Downtown streetscape – we have completed one block (we call it the focus area) and will complete an additional eight blocks over the next two years.
2. Entrance way improvement – we are working with INDOT to improve the entrance into the city. By improving this area, we estimate it will result in tens of million dollars in private investment.
3. County Center project – it is located in a blighted area and has been closed for the last ten to fifteen years. We will need approximately \$6 ½ million to renovate the Center and get it ready for use.

The Council has approved all the projects. There were no remonstrators at the hearing. We are very fiscally strong. We are experiencing a lot of commercial growth. Only 25-30% of the TIF revenue will be needed to cover the bond payments. These projects are a vehicle to strengthen the community and a catalyst for private investment.

Questions from board members:

Dan: I am a little confused because page 5 has this as a \$9,000,000 general obligation bond issue.

Karl: That is a mistake – it should be a tax increment financing bond.

Mike Baird: This project is a beltway to link the east to the west. It will improve the response time for emergency vehicles during critical runs. These improvements have been needed for many years and are the culmination of many years of planning.

Stan: What are the revenue results from the TIF area?

Answer: Beginning in 1994, the revenues were less than \$1 million; they are now over \$3 million. We combined two TIF areas into one so as to cross-pledge revenue.

Dan: I didn't think you could combine TIF's if the areas were not contiguous?

Answer: They are contiguous through the roads.

John: How did you consolidate the two TIF areas?

Answer: Pratt came to town and we had two areas, plus a third TIF. We then combined two of them when the roads touched.

Dan: Do you have a Tax Increment Revenue rate?

Answer: Yes, it was .0195 for 2005.

John: Page five has other sources of revenue listed of \$6 million in TIF and \$3 million cash-on-hand – where did the cash come from?

Answer: It is what we accumulated in 2005 plus what we will receive in 2006. The balance is currently \$5 million.

Karl: The \$6 million is the collections for 2006 and 2007.

John: There is a \$7 million bond anticipation note still outstanding?

Karl: Yes; the developer is going to purchase the shopping center and we will use the proceeds of the sale to retire the BAN.

Stan: Do you have a Rainy Day fund?

Mayor: No, we do not. The City is still trying to play catch-up.

Mike: I have recommended a \$1 million cushion to provide for an increase in construction costs.

John: Does this apply to the 2% debt limitation?

Tom: Only if a property tax rate is imposed to support a debt fund.

Dan: Do you have any other outstanding debt pledged to be paid with TIF?

Answer: The County Seat shopping center, which we will pay off at the time we sell it to the developer.

Dan: Page three has \$875,000 in the "Other" category, \$780,000 in the "Contingency" category, and \$900,000 in a "Debt Service Reserve" category for a total of \$1,680,000 – that seems like a lot of other.

Answer: We still have some issues to work out, like parking mitigation and façade improvements, which will not come out of the bond issue. That money is already set aside for other purposes.

Karl: The debt service reserve is to help secure the bonds and to avoid a property tax rate.

Dan: Do you have a cap on how much TIF you can capture each year?

Mayor: No, there are several projects that are introduced each year and each one is analyzed on a project basis and the benefit that will result from taking on the project.

Comments from the opposition – the East Porter County School Corporation (see handout for details)

Summary of objections:

1. When TIF districts were initiated in our school district, Valparaiso agreed to "pay as you go" financing. Long-term bonding was not part of the original agreement.
2. The school district continues to be deprived of revenue because of the TIF districts
3. The continued existence of TIF districts negatively affects tax rates.
4. TIF districts were to be dissolved when the original projects in the districts were completed. The TIF districts have not been dissolved, but combined. New projects have been added, and revenue from the TIF districts in East Porter County Schools is being used to fund projects outside of the East Porter TIF districts.

Additional comment from the opposition:

We would like to see the Redevelopment Commission's budget is not greater than the City's budget. We also propose that the TIF District is no longer necessary.

Additional questions from board members:

John: The four objections you have – are they about the capital projects funding?

Answer: Our opposition is in the loss of assessed value – we have lost \$48 million in assessed value. We have not been allowed to be represented, since the TIF areas are not within our district, but we still take district children into our school system, and because of the loss of funding the TIF is resulting for us.

Dave (to the Redevelopment Commission): You are presenting a request for a back-up bond issue; you have enough TIF revenue to cover the bonds payments...are you planning on issuing the bonds?

Answer: What is being asked for is the legal right to impose a tax levy to make up a shortfall in revenues for a given year. The bonds will be issued.

Dave: It is now one giant TIF area with all the money being co-mingled?

Answer: It affords more flexibility to make the bond payments. The main reason we are here is for a better interest rate on the bonds.

Dan: Will these bonds be insured?

Answer: It is a possibility – these are not the easiest bonds to insure, we really shouldn't need insurance.

Recommendation:

John motioned to recommend a property tax back-up with tax increment financing for redevelopment district bonds in the amount of \$9,000,000 for a term not to exceed twenty (20) years. Stan seconded and the motion tied 2-2. Dan and Dave opposed the motion.

John: One point that makes me nervous is that the revenue stream could change – this financing is very creative and pushed the envelope.

Stan: I think the Redevelopment Commission is going to issue the bonds. This is a tool to decrease the interest rate. The School Corporation needs to get a signed agreement or the gentleman's agreement needs to be worked out internally.

Dan: My concern is that the tax increment revenue could be pledged or diverted to other projects, therefore forcing a tax rate to be imposed in order to pay a debt service. Furthermore, this combination of separate TIF districts may be an abuse of "TIF Districts". There s no limit on the amount of revenue that can be captured and no time limit on its existence.

Dave: I too have some concerns with the process. I think that the Commissioner of the DLGF and her advisors need to look into this more closely.

City of Elkhart, Elkhart County General Obligation Bonds

Summary: The unit is requesting approval to issue bonds in the amount of \$1,990,000 for a term of three (3) years for the purpose of replacing the infrastructure of the entire Garfield-Cleveland Avenues area.

Project Costs: \$1,990,000 Amount applied to debt: \$1,990,000 Annual Payment: \$730,920

Controlled or Uncontrolled: Uncontrolled

Revenue Source for Property Tax Backup: N/A

Tax Rate Impact: 2006 AV \$2,262,420,737

Levy Needed \$694,374
Est. Tax Rate \$.0307

Meeting and Publication Dates:

| | | |
|--|------------|------------|
| Date of publication for a public hearing | N/A | |
| Date of public hearing | N/A | |
| Resolution/Ordinance adopted | 02/16/2006 | 03/09/2006 |
| Notice of Determination | 02/17/2006 | |

Auditor's Certificate of No Remonstrance: 03/15/2006

Common Construction Wage: 03/09/2006 4-0-1 abstention

Attendees: Stephen Carter (Financial Advisor with H.J. Umbaugh), Randy Rompola (Attorney with Baker & Daniels, Eric Mervath (Public Works Director), and Elena Iltcheva (Financial Advisor with H.J. Umbaugh).

Discussion:

The project area is a two-block area between Oakland and 9th St. This is a part of a much larger project that started about ten years ago. We are separating CSO's, replacing trees, sidewalks, lamp posts, water mains which were originally built in 1905. Sewers are also aging with root infiltration and blockages. We will also update fire hydrants for quicker hook-ups for firefighters.

Questions from board members:

Stan: Why are you issuing general obligation bonds to do water and sewer projects, instead of using sewer or water management bonds?

Answer: This is part of our capital projects plan that is under a neighborhood revitalization area and there are roads and infrastructure included in the project.

Stan: Could CBG grants be used?

Answer: I don't know; we haven't looked into it.

John: Do you have a cumulative capital development fund, and if so, what is it used for?

Answer: Yes, we do have the fund and we use it for infrastructure and sidewalks. We decide each year what projects will be funded from that fund.

Recommendation:

John motioned to recommend approval of general obligation bonds in the amount of \$1,990,000 for a term of three (3) years. Dan seconded and the motion carried 3-1 with Stan opposed.

Elkhart Park District, Elkhart County
Park District Bonds

Summary: The unit is seeking approval to issue park district bonds in the amount of \$1,850,000 for a term of five (5) years for the purpose of financing improvements and renovations of the current park facilities, including the construction of playgrounds, and the design and renovation of the Pierre Moran swimming pool.

Project Costs: \$1,850,000 Amount applied to debt: \$1,850,000 Annual Payment: \$791,431

Controlled or Uncontrolled: Uncontrolled

Revenue Source for Property Tax Backup: N/A

| | | |
|------------------|---------------|-----------------|
| Tax Rate Impact: | 2006 AV | \$2,262,420,737 |
| | Levy Needed | \$751,859 |
| | Est. Tax Rate | \$.0332 |

Meeting and Publication Dates:

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|--|------------|
| Date of publication for a public hearing | N/A |
| Date of public hearing | N/A |
| Resolution/Ordinance adopted | 01/10/2006 |
| Notice of Determination | N/A |

Auditor's Certificate of No Remonstrance: N/A

Common Construction Wage: 03/09/2006 4-0-1 abstention

Attendees: Stephen Carter (Financial Advisor with H.J. Umbaugh), Randy Rompola (Attorney with Baker & Daniels, Robert Edel (Director of Parks and Cultural Resources), and Elena Iltcheva (Financial Advisor with H.J. Umbaugh).

Discussion:

We are requesting \$1.4 million to renovate a municipal pool that was built in 1967 and has had no renovations. The renovation is long over due. We need to upgrade the mechanical system, convert it to a recreational pool from a lap pool. Another part of our project is to replace two play-ground surfaces and equipment. We have unanimous support from the staff, the park board and the City Council approved it with an 8-1 vote.

Questions from board members:

John: Did you issue park bonds last year at just under \$2 million?

Answer: Yes, that was to upgrade McNaughton Pool. Our reason for not combining the projects was because we did not want both pools closed at the same time.

John: What are your future plans?

Answer: We have a five-year master plan in place. We do not plan on issuing bonds for the next one to two years. The financing will be determined by what new projects come on board and is approved by the park board. We did not want to overload the staff with too many projects going on at one time.

Dave: A 10.2% contingency seems a little high – can you explain how you arrived at that amount?

Answer: We do not know what is under the concrete as far as the drainage and pipes go, we need to have some flexibility to cover unexpected issues.

Dan: Were there any objections?

Answer: Three people spoke against financing the project with bonds, but not about the project itself.

Dan: Are all the Elkhart bonds going to be sold together?

Answer: No, we are not planning it that way.

Stan: Will you please explain how your fees are determined for this and other projects? I am curious – do you have standardized fees?

Randy: We look at what we will need to do and yes, we do have standardized fees based on the amount of work we do. Park Districts are in the high teens to low twenty's because of the park code requires additional notices. There is a little bit more work when doing park district projects because of the additional number of resolutions; it is not based on the amount of the project.

Stephen: Our fiscal fee is based on how much work we need to do also. Park districts do require additional meetings.

Dan: What is the total tax rate for the City – do you know?

Answer: For 2005, it was 1.2442, which includes the park bond.

Recommendation:

Stan motioned to recommend approval of park district bonds in the amount of \$1,850,000 for a term of five (5) years. Dan seconded and the motion carried 4-0.

**Gary Public Transportation Corporation, Lake County
General Obligation Bonds**

Summary: The unit is requesting approval to issue bonds in the amount of \$5,650,000 for a term of six and a half (6 ½) years for the purpose of financing the purchase of capital projects, the maintenance facility capital performance contract, and the self-insurance program.

Project Costs: \$11,001,366 Amount applied to debt: \$5,650,000 Annual Payment: \$1,348,375

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

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|------------------|---------------|-----------------|
| Tax Rate Impact: | 2006 AV | \$2,055,027,289 |
| | Levy Needed | \$1,318,375 |
| | Est. Tax Rate | \$.0642 |

Meeting and Publication Dates:

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|--|-----------------|
| Date of publication for a public hearing | 12/22 & 29/2005 |
| Date of public hearing | 01/19/2006 |
| Resolution/Ordinance adopted | 01/19/2006 |
| Notice of Determination | 02/16/2006 |

Auditor's Certificate of No Remonstrance: 3/17/2006

Attendees: Thomas Peterson (Bond Counsel with Ice Miller), Felicia O'Flowers-Smith (Financial Advisor), Josephine M. Webb (Gary Public Transportation), and Daryl Lampkins (Gary Public Transportation).

Discussion:

This mirrors a previous bond issued in 2002. Some needs have been completed. We have supplied a detailed list of the various projects included in this bond issue. The FTA will be funding the remaining capital project plans. There is still \$2.6 million of bonds still outstanding from the 2002 issue that will mature in 2007. We would like to issue an additional \$5,650,000 over the next six years. The tax impact will be about \$12.60 - \$16 to cover the bond payments. There have been no objections filed.

Questions from board members:

Stan: How many shelters do you have and what are the sizes of them?

Daryl: We have 40-50 shelters that will hold 10-15 people. We have a few larger ones. We have several requests from businesses for more pick-up stations.

Stan: What is the percentage of riders per bus?

Daryl: It varies with time of day, seasons, weather and other factors. Rider-ship overall has increased 3% during the first three months of this year.

John: Does the 2006 bond issue include the outstanding portion of the 2002 bonds?

Daryl: No, the 2002 bonds are not callable.

John: What are you doing at the garage?

Daryl: Four or five years ago the operating garage needed some major repairs – new doors, roofs, hoists, etc. Rather than hiring a facilities manager, we entered into a contract with Johnson Controls to manage the facilities.

Stan: Do you have any stipulated savings – in other words a guaranteed savings contract?

Daryl: We entered into a performance contract at about \$10 million.

Dan: Were there any opposition?

Answer: No.

Dave: What was the vote of the board?

Answer: Unanimous.

Dan: What is the net interest rate?

Answer: We estimate it will be around 5%.

Recommendation:

John recommended approval for the issuance of general obligation bonds in the amount of \$5,650,000 for a term of six and a half (6 ½) years. Stan seconded and the motion carried 4-0.

**Highland Redevelopment Commission, Lake County
Redevelopment District Bonds**

Summary: The unit is requesting approval to issue bonds in the amount of \$2,125,000 for a term of ten (10) years for the purpose of financing the demolition of the River Park Apartments, in conjunction with Hammond in the redevelopment of the property to encourage economic development of the area.

Project Costs: \$ 2,125,000 Amount applied to debt: \$2,125,000 Annual Payment: \$361,250

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

| | | |
|------------------|---------------|-----------------|
| Tax Rate Impact: | 2006 AV | \$1,175,000,000 |
| | Levy Needed | \$325,125 |
| | Est. Tax Rate | \$.0277 |

Meeting and Publication Dates:

| | |
|--|--|
| Date of publication for a public hearing | 01/25/2006 |
| Date of public hearing | 02/06/2006 |
| Resolution/Ordinance adopted | 01/06/2006 by Redevelopment Commission |
| Notice of Determination | 02/10 & 17/2006 |

Auditor's Certificate of No Remonstrance: 3/16/2006

Common Construction Wage: Hearing held 06/27/2005 and passed with a 4-0 vote.

Attendees: Michael Griffin (Clerk Treasurer), Richard Underkofer (Town Manager), Cecile Petro (Redevelopment Director), Tim Higgins (Financial Advisor), Lisa Lee (Bond Counsel with Ice Miller), and David Wertland (Attorney for the Redevelopment Commission).

Discussion:

Michael: We have jointly undertaken with the City of Hammond to complete this project. It is a step to co-operate for the mutual benefit of Highland and Hammond. We will not fix the final amount until bids are accepted. The apartments were built in the mid 1960's and they are to be demolished. Our part of the agreement is to assist in the demolition of the buildings. We will be a subject, or line item, in the contract that Hammond enters into with the contractor via an inter-local agreement. When Hammond sells the property, the proceeds will partially be used to reimburse us for the cost we have invested in the demolishing. The immediate benefits are obvious because we will renovate a blighted area. We are very sensitive to debt service funds. As fiscal officers, we have served the City since 1992, and we have always controlled the debt level. We do not want spikes in the tax rates. We were one of the few communities that were not negatively affected by the recent reassessment.

Lisa Lee: Code 36-7-25 gives them the authority to do this all on their own, but Hammond is willing to take on the project while Highland will participate in the project by demolishing the apartment buildings. Hammond will reimburse Highland from the sale of the land.

Michael: It is my perception that we have a high degree of public support.

Questions from board members:

Dan: There were two no-votes from the Council; do you know what their objections were?

Michael: They are in favor of the project - their concern was with the inter-local agreement, which was not finalized at the time of the vote.

Dan: Was there a remonstrance filed?

Michael: No.

Recommendation:

John recommended approval of redevelopment district bonds in the amount of \$2,125,000 for a term of ten (10) years. Dan seconded and the motion carried 3-1 with Stan opposing the motion.

**Sparta Township, Noble County
Fire Loan**

Summary: The unit is requesting approval to obtain a loan in the amount of \$250,000 for a term of six (6) years for the purpose of purchasing a custom pumper fire engine to replace a 1980 model.

Project Costs: \$320,000 Amount applied to debt: \$250,000 Annual Payment: \$48,400

Controlled or Uncontrolled: Controlled

Revenue Source for Property Tax Backup: N/A

| | | | |
|------------------|---------------|--------------|--|
| Tax Rate Impact: | 2006 AV | \$75,214,215 | |
| | Levy Needed | \$48,400 | |
| | Est. Tax Rate | \$.0643 | Note the revised levy needed and rate |

Meeting and Publication Dates:

| | |
|--|------------|
| Date of publication for a public hearing | 12/01/2005 |
| Date of public hearing | 12/13/2005 |
| Resolution/Ordinance adopted | 12/13/2005 |
| Notice of Determination | 12/22/2005 |

Auditor's Certificate of No Remonstrance: 01/23/2006

Attendees: Duane Ginder (Trustee).

Discussion:

Dave: Is this a parade piece?

Duane: No, just one that will do the job and also meet our needs. We were able to improve the ISO rating for the school and we want to maintain that ISO rating.

Questions from board members:

Dave: Do you have a cumulative fund?

Duane: Yes, we do – it has a balance of about \$52,000.

Stan: How much does it bring in per year?

Duane: It will bring in about \$23,000 this year.

Dave: You think you can get a 4% interest rate?

Duane: That is an estimate – they will not lock in an interest rate until I go to borrow the money.

Stan: Are you going to drop the cumulative fire fund?

Duane: Yes, while we have the debt fund and re-establish the cumulative fund once the debt is paid off.

Stan: Have you taken bids or awarded a contract yet?

Duane: We have taken bids, but we have not awarded the contract yet.

Recommendation:

Stan recommended approval for a fire equipment loan in the amount of \$250,000 for a term of six (6) years.

Dan seconded and the motion carried 4-0.
